United Nations A/68/332

General Assembly

Distr.: General
19 August 2013

Original: English

Sixty-eighth session
Item 20 of the provisional agenda*
Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

Report of the Secretary-General

Summary

The present report, submitted pursuant to paragraph 19 of General Assembly resolution 67/216, provides a description of the activities of the United Nations Human Settlements Programme (UN-Habitat) since the issuance of the previous report (A/67/263) in implementing the outcome of the second United Nations Conference on Human Settlements (Habitat II) and in strengthening UN-Habitat.

It contains a summary of the outcomes of the twenty-fourth session of the Governing Council of UN-Habitat that relate to policy. In particular, it highlights the content of eight Governing Council resolutions, including those on World Cities Day, inputs for and support to the preparatory process of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) and the strategic plan for 2014-2019 and the work programme and budget of UN-Habitat for the biennium 2014-2015.

The report also provides a description of progress made in the implementation of four major issues highlighted by the General Assembly in its resolution 67/216: preparations for Habitat III; review of the governance of UN-Habitat; financial developments in UN-Habitat; and UN-Habitat input to the post-2015 United Nations development agenda.

* A/68/150.

13-43119 (E) 130913

Please recycle

Furthermore, the report provides a description of some significant programme activities undertaken during the reporting period: the sixth session of the World Urban Forum and preparations for the seventh session of the Forum; the publication of the *State of the World's Cities 2012/2013: Prosperity of Cities* report; World Habitat Day 2012; and regional ministerial meetings on housing and urban development. It concludes with a number of recommendations relating to both human settlements policy matters and Habitat III.

I. Introduction

1. The present report is submitted pursuant to paragraph 19 of General Assembly resolution 67/216 on the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme (UN-Habitat).

II. Action taken by the Governing Council of the United Nations Human Settlements Programme at its twenty-fourth session

2. The twenty-fourth session of the Governing Council of UN-Habitat was held in Nairobi from 15 to 19 April 2013, with the special theme "Sustainable urban development: the role of cities in creating improved economic opportunities for all, with special reference to youth and gender".

3. Among the most important actions taken by the Governing Council was a review of progress made in the implementation of the medium-term strategic and institutional plan for the period 2008-2013. In addition, the Council held discussions and adopted key resolutions on the following subjects, among others: World Cities Day; pursuing sustainable development through national urban policies; making slums history; inclusive national and local housing strategies to achieve the Global Housing Strategy paradigm shift; urbanization and sustainable urban development in the post-2015 development agenda; promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender; inputs for and support to the preparatory process of the third United Nations conference on housing and sustainable urban development (Habitat III); and the strategic plan for 2014-2019 and the work programme and budget of UN-Habitat for the biennium 2014-2015.

4. The first seven resolutions are summarized below, while the eighth is summarized in section III.

A. Resolution 24/1: World Cities Day

5. By its resolution 24/1 on World Cities Day, the Governing Council decided to recommend to the General Assembly that, beginning in 2014, 31 October of every year should be designated as World Cities Day.

6. The resolution was based on the recognition that more than 50 per cent of the global population now live in cities; that the process of urbanization remains rapid, especially in Africa and Asia; that sustainable urban development has become one of the most pressing global challenges in the twenty-first century; and that Governments must pay greater attention to and investigate critical issues in urbanization and make joint efforts to build greener, more liveable, convenient, harmonious and environment-friendly cities.

7. The resolution was adopted also in follow-up to the Shanghai Declaration adopted by the Bureau International des Expositions and the Organizing Committee of Expo 2010 on 31 October 2010, in which it was proposed to nominate 31 October as World Better Cities Day.

8. In addition, the resolution was in response to the commitment to planning and building sustainable cities and urban settlements made by Heads of State and Government in June 2012 in paragraph 134 of the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want".

B. Resolution 24/5: Pursuing sustainable development through national urban policies

9. In its resolution 24/5 on pursuing sustainable development through national urban policies, the Governing Council:

(a) Encouraged Governments to initiate processes to review, strengthen and develop national urban policies where appropriate as a key strategy for national social and economic development, to maximize the national and local benefits of urbanization, while mitigating potential adverse externalities, and as a coordination mechanism among different sectors and ministries;

(b) Requested the Executive Director of UN-Habitat in consultation with the Committee of Permanent Representatives to develop a general guiding framework for the development, where appropriate, of national urban policies, based on international good experiences, to further support member States when developing and improving their urban policies;

(c) Invited member States to facilitate participatory processes and wide stakeholder participation, including local authorities and their associations, when developing, revising and implementing national urban policies;

(d) Encouraged Governments and Habitat Agenda partners to use planned city extension methodologies to guide the sustainable development of cities experiencing rapid urban growth, to prevent slum proliferation, enhance access to basic urban services, support inclusive housing, enhance job opportunities and create a safe and healthy living environment.

C. Resolution 24/7: Making slums history: a worldwide challenge

10. In its resolution 24/7, entitled "Making slums history: a worldwide challenge", the Governing Council recalled, among other things, Goal 7 of the Millennium Development Goals, and in particular its target 7.D, by 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers, and took note of the Rabat Declaration, through which participants had committed themselves to support through the intergovernmental bodies of the United Nations the definition of a global goal of halving the proportion of people living in slums. The Council then:

(a) Invited member States to implement the universal principles for slum upgrading and prevention, such as prohibiting unlawful evictions, empowering women and youth, making slum upgrading interventions affordable and accessible, ensuring public participation regardless of race, sex, religious affiliation and social and economic status, and promoting accountability and transparency in all programmes;

(b) Encouraged member States to consider the possibility of formulating, implementing and promoting inclusive urban policies, legislation and housing strategies that ensured efficient institutional frameworks, mechanisms for decentralization and strengthening of local authorities, and provided mixed land uses and tenure types to enhance local development and sustainable participatory slum upgrading and prevention;

(c) Invited member States to apply more systematically urban planning methods, including participatory processes, adapted to the needs of incremental urbanization standards and compact, better integrated and connected urban development patterns;

(d) Invited member States to increase the allocation of financial and human resources for slum upgrading and prevention and to establish financing strategies that mobilized public subsidies and income generated by land regularization and reallocation processes to develop investment plans for infrastructure and services;

(e) Invited member States to promote housing policies integrating sustainable approaches for energy efficiency in housing and human settlements that respected the environment and used innovative techniques and materials.

D. Resolution 24/9: Inclusive national and local housing strategies to achieve the Global Housing Strategy paradigm shift

11. In its resolution 24/9 on inclusive national and local housing strategies to achieve the Global Housing Strategy paradigm shift, the Governing Council requested UN-Habitat to pursue the expected outcomes of the Global Housing Strategy, in collaboration with other United Nations agencies, including the United Nations Environment Programme, by proposing a paradigm shift, where needed, including the integration of housing with other urban uses; encouraging the pro-poor performance of markets; promoting system-wide reforms to enable wider access to adequate housing solutions; strengthening linkages between housing, the economy, employment and poverty reduction; using sustainable building and neighbourhood designs and contributing to improving the living conditions of slum dwellers.

12. The Governing Council also invited central and local governments to engage with UN-Habitat in global and regional platforms, including the Global Housing Strategy network, in collaboration with other United Nations bodies and regional organizations, to share evidence-based knowledge, experiences and effective innovative practices in housing and slum upgrading that demonstrated the new paradigm.

E. Resolution 24/10: Urbanization and sustainable urban development in the post-2015 agenda

13. In its resolution 24/10 on urbanization and sustainable urban development in the post-2015 agenda, the Governing Council requested the Executive Director, in consultation with the Committee of Permanent Representatives, to ensure that UN-Habitat contributed to the development and implementation of the post-2015 development agenda in order to promote sustainable urbanization. It also encouraged Governments and Habitat Agenda partners to give appropriate

consideration in their contributions to the post-2015 development agenda to sustainable urbanization, to sustainable urban development and to the role of cities and local governments in that regard.

14. The resolution was partly in follow-up to the outcome document of the United Nations Conference on Sustainable Development, in which Heads of State and Government recognized, in paragraph 134, the role of well-planned and managed cities in promoting economically, socially and environmentally sustainable societies. It was also in follow-up to General Assembly resolution 67/216, in paragraph 2 of which the Assembly encouraged giving appropriate consideration to sustainable urbanization in the elaboration of the post 2015 United Nations development agenda.

F. Resolution 24/11: Promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender

15. In its resolution 24/11 on promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender, the Governing Council welcomed the dialogue on the topic held during its session. The Council encouraged Governments, among other things:

(a) To apply good urban planning policies to enhance economic productivity and equity, to implement economic empowerment programmes that created opportunities, with special reference to youth and women, and to adopt innovative tools for generating additional resources for local authorities in addressing urban planning matters, including through land and property value capture;

(b) To foster a participatory approach to sustainable human settlements through the development and support of strategies and mechanisms that encouraged open and inclusive dialogue among all interested parties, with special attention to the needs and priorities of youth, women and vulnerable population groups in urban and rural areas, including children, the elderly, people with disabilities and minorities.

16. The Governing Council also requested the Executive Director:

(a) To continue working with partners to promote pro-poor land-based financing as a means of supporting urban development, densification and extension through, inter alia, land and property value capture and land and property taxation by documenting and disseminating good practices and developing innovative tools and instruments;

(b) To strengthen the UN-Habitat knowledge base, disseminate that knowledge to member States and provide support to member States on urban economy and municipal finance, including by documenting and disseminating good practices and tools on the economics of urban form, economic development strategies, urban small-scale and informal economies and the economic empowerment of youth and women.

G. Resolution 24/15: Strategic plan for 2014-2019 and the work programme and budget of the United Nations Human Settlements Programme for the biennium 2014-2015

17. Having considered the draft strategic plan for 2014-2019 and the proposed work programme and budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2014-2015 and the recommendations of the Advisory Committee on Administrative and Budgetary Questions, the Governing Council, by its resolution 24/15 on the strategic plan for 2014-2019 and the work programme and budget of UN-Habitat for the biennium 2014-2015, approved the strategic plan for the period 2014-2019 and the work programme for the biennium 2014-2015.

18. The Council also approved, for the biennium 2014-2015, the general purpose budget of $45,617,400, endorsed the special purpose budget of $123,187,800 and noted an estimated technical cooperation funding of $202,482,400.

19. The strategic plan has seven focus areas, its priority focus areas being urban legislation, land and governance; urban planning and design; urban economy; and urban basic services. The other focus areas are housing and slum upgrading; risk reduction and rehabilitation; and research and capacity development. The plan has four cross-cutting issues: gender; youth; climate change; and human rights within the context of advancing the goals and mandate of UN-Habitat, as set out in the Istanbul Declaration on Human Settlements and the Habitat Agenda.

20. The strategic plan also has a clear results framework, with expected accomplishments (or results) and indicators of achievement. It specifies how the plan will be implemented through three bienniums (2014-2015, 2016-2017 and 2018-2019) and how the plan will be monitored and evaluated. It also makes provision for revision of its content at the end of 2016, following the adoption of the post-2015 United Nations development agenda at the end of 2015 and the holding of Habitat III in 2016.

21. For the first time, the strategic plan, programme budget and organizational structure of UN-Habitat are fully aligned. The seven focus areas of the strategic plan are identical to the seven subprogrammes of the programme budget. In addition, both the strategic plan and the programme budget are fully aligned with the seven thematic branches that are at the core of the new organizational structure of UN-Habitat.

III. Update on progress in preparations for Habitat III

22. The General Assembly, in paragraph 19 of its resolution 67/216, requested the Secretary-General of the United Nations to submit, at its sixty-eighth session, an update on progress made in the preparations for Habitat III. The information below is provided in response to that request.

23. In paragraph 14 of the resolution, the General Assembly requested the Secretary-General of Habitat III to prepare, using the expertise of the United Nations system, a proposal, for consideration by the Governing Council of UN-Habitat at its twenty-fourth session, on how best to provide inputs for and support to the preparatory process of the conference in the most inclusive, efficient, effective and improved manner, and to proceed accordingly.

24. In response, the Executive Director of UN-Habitat, in his capacity as Secretary-General of the conference, presented the requested proposal to the Governing Council at its twenty-fourth session. The Council was requested to decide on the documentation and meetings that would constitute the inputs and support of UN-Habitat and the United Nations system to the preparatory process for Habitat III. The proposal was accompanied by a proposed road map and a draft budget for the preparatory process.

25. An estimated amount of $12,861,300 was foreseen for the Habitat III preparatory process and the conference itself, of which $9,073,100 would be mobilized for the Habitat III trust fund and $3,788,200 would be requested from the regular budget. The amount included the cost of conference support and preparatory activities, conference services and safety and security, in addition to the cost of participation of representatives of developing countries in the preparatory process and the conference itself, in line with paragraph 13 of General Assembly resolution 67/216. Of the amount to be requested from the regular budget, $95,000 would be required in 2013 and $2,611,400 for the biennium 2014-2015. The remaining amount of $1,081,800 would be required for the biennium 2016-2017.

A. Proposed preparatory activities: documentation

26. It is clear from paragraphs 6 (a) and 6 (c) of General Assembly resolution 67/216 that the expectation of the Assembly is that the outcome document of Habitat III will be evidence-based and should also be based on a highly inclusive preparatory process. In his proposal to the Governing Council, the Secretary-General of the conference therefore suggested that UN-Habitat, with assistance from the United Nations system as a whole, should provide the following input and support in the preparation of documentation for the preparatory process:

(a) Assist countries to establish or strengthen national Habitat committees, consisting of representatives of Governments, civil society, the private sector and all relevant stakeholders, which would be responsible for, among other things, the preparation of national Habitat III reports;

(b) Assist countries to carry out national assessments to identify achievements attained and challenges encountered in the implementation of the Habitat Agenda and of other relevant internationally agreed goals and targets, and to identify emerging challenges and issues for inclusion in the new urban agenda;

(c) Lead the preparation of regional synthesis reports (based on national reports), using the expertise of the United Nations system as a whole;

(d) Lead the preparation of a global report synthesizing the results of national and regional assessments, using the expertise of the United Nations system as a whole.

B. Proposed preparatory activities: meetings during the period 2013-2015

27. In paragraph 12 of its resolution 67/216, the General Assembly encouraged stakeholders gathered at the seventh session of the World Urban Forum, as well as at

the regular ministerial conferences on housing and urban development and other relevant expert group meetings, to provide inputs and to contribute as appropriate to the process leading to the conference. Consequently, the Secretary-General of Habitat III proposed to the Governing Council that UN-Habitat, with assistance from the United Nations system as a whole, should provide the following input and support with regard to the organization of meetings as part of the Habitat III preparatory process:

Meetings during 2013

(a) Organize a global virtual meeting of experts, member State representatives and Habitat Agenda partners to discuss the design and implementation of the national assessment project before its launch, focusing on guidelines and a format for the preparation of national Habitat III reports, so as to ensure comparability of national assessments;

Meetings from January 2014 to March 2015

(b) Organize a meeting of member State representatives and Habitat Agenda partners during the seventh session of the World Urban Forum, to be held in April 2014 in Medellin, Colombia, to discuss preliminary results emerging from national assessments and preliminary ideas that could be included in a new urban agenda;

(c) Organize five regional conferences, some of which could be virtual, to discuss regional progress in the implementation of the Habitat Agenda and other relevant international goals and targets, as well as issues that could be included in a new urban agenda, for Europe, North America, Africa (during a meeting of the African Ministerial Conference on Housing and Urban Development), Asia and the Pacific (during a meeting of the Asia-Pacific Ministerial Conference on Housing and Urban Development) and Latin America and the Caribbean (during a general assembly of the Regional Meeting of Ministers and High-level Authorities of the Housing and Urban Development Sector in Latin America and the Caribbean);

(d) Organize a global virtual conference to discuss the results of the forward-looking regional and global assessment reports on the implementation of the Habitat Agenda and relevant internationally agreed goals and targets, as well as new issues that could be included in the new urban agenda.

C. Resolution of the Governing Council on Habitat III

28. In its resolution 24/14 on inputs for and support to the preparatory process of Habitat III, the Governing Council took note of the proposal of the Executive Director and, among other things:

(a) Requested the Secretary-General of the conference, in his capacity as Executive Director, and in consultation with the Committee of Permanent Representatives, to refine his proposed input to the preparatory process, by considering possible contributions from United Nations system organizations and Habitat Agenda partners; presenting strategic options for the contribution of UN-Habitat to the preparatory process; including the provision of an updated think piece about the future of urbanization and sustainable human settlements and urban

development to conceptually inform the inputs; and suggesting guidelines and format for the preparation of national reports;

(b) Called upon Member States, using any available assistance and necessary guidance and support from UN-Habitat, and in consultation with relevant stakeholders, to form national Habitat committees where they did not exist and strengthen the existing national Habitat committees to ensure their effective and efficient participation in the Habitat III preparatory process, including the preparation of national reports;

(c) Invited member States to prepare, before the first meeting of the Preparatory Committee for Habitat III, to be held in New York during the sixty-ninth session of the General Assembly, national reports which considered the implementation of the Habitat II agenda and of other relevant internationally agreed goals and targets, as well as new challenges, emerging trends and a prospective vision for sustainable human settlements and urban development, as a basis for the formulation of a new urban agenda, in line with paragraph 6 of General Assembly resolution 67/216;

(d) Requested the Secretary General of the conference, using the expertise of UN-Habitat and of the United Nations system as a whole and, specifically, in cooperation with the United Nations regional commissions, and of other relevant international, regional and subregional organizations, to prepare regional reports drawing on the national reports as well as on available knowledge, resources and data, as inputs to the first and second meetings of the Preparatory Committee for Habitat III;

(e) Also requested the Secretary General of the conference, using the expertise of UN-Habitat and of the United Nations system as a whole and, specifically, in cooperation with the United Nations regional commissions, and of other relevant international, regional and subregional international organizations, to prepare a global report drawing on the national and regional reports, and also on available knowledge, resources and data, as an input to and support for the preparatory process of the conference;

(f) Further requested the Secretary-General of the conference to use planned regional and global meetings such as the seventh session of the World Urban Forum, sessions of the United Nations regional commissions and regular sessions of regional ministerial conferences on housing and urban development, and also of other relevant regional intergovernmental meetings, for the development of the UN-Habitat input to the preparatory process and invited the conveners of those events to facilitate dialogue on key issues in order to provide inputs to the first and second meetings of the Preparatory Committee, while ensuring that the quality of participation and the outcomes were not compromised;

(g) Urged international and bilateral donors, and also the private sector, financial institutions, foundations and other donors, to support the national, regional and global preparations for the conference through voluntary contributions to the trust fund and to support the participation of representatives of developing countries to meetings of the Preparatory Committee and to the conference itself.

D. Activities undertaken following the twenty-fourth session of the Governing Council

29. Following the twenty-fourth session of the Governing Council, and in line with resolution 24/14, UN-Habitat has worked on refining the Habitat III proposal submitted to the Council.

30. First, in line with paragraph 2 (a) of the resolution, UN-Habitat has prepared draft proposals on the contributions of the United Nations system and Habitat Agenda partners to the preparatory process. The proposals include the establishment of a system-wide coordination mechanism for Habitat III. This particular component of the proposals was discussed at the inaugural inter-agency meeting on Habitat III, held in Geneva on 3 July on the margins of the high-level segment of the substantive session of 2013 of the Economic and Social Council, at which it was agreed to establish a United Nations inter-agency coordinating committee for Habitat III.

31. The proposals also contain a political strategy on working with Governments, including the identification of Habitat III champions in each region. The proposals will be discussed with member States and Habitat Agenda partners during the seventh session of the World Urban Forum, in April 2014. The component of the proposals dealing with Habitat Agenda partners, including local authorities, will be further developed and submitted to the Preparatory Committee at its first meeting, in September 2014, in line with paragraph 11 of General Assembly resolution 67/216.

32. Second, in line with paragraph 2 (b) of Governing Council resolution 24/14, UN-Habitat has developed two strategic options for its input to the preparatory process. Each option envisages a different level of funding. UN-Habitat will, of course, put maximum effort into raising sufficient funds for the best-case scenario, which has been estimated to cost some $12 million.

33. Third, in line with paragraph 2 (c) of the resolution, UN-Habitat has prepared a draft think piece. It updates the rationale document prepared in 2011 for the General Assembly, on the basis of which the decision to hold Habitat III was taken. Intended to conceptually inform the preparatory process, it is based on a new vision of the role of sustainable urbanization in sustainable development. It is also based on a new vision of the city, the city of the twenty-first century. It has been shared with other programmes, funds and specialized agencies within the United Nations system, as well as with member States.

34. Fourth, in line with paragraph 2 (d) of the resolution, UN-Habitat has developed draft guidelines for the preparation of national reports. They were initially discussed during a meeting of the Committee of Permanent Representatives held on 23 July. They were further discussed with all stakeholders, including Governments and Habitat Agenda partners, during an electronic dialogue held in August. The dialogue was intended to reach consensus on the content and format of national reports.

35. Countries will, of course, be free to choose how their reports will be prepared. UN-Habitat is, however, encouraging countries to create inclusive national Habitat committees and to use them to prepare the reports. To this end, the Secretary-General of the conference had already written to all Governments in connection with the matter in January 2013, attaching guidelines on the creation, possible composition and functions of such committees.

36. Lastly, UN-Habitat also completed the documents required for the operationalization of the trust fund and submitted them to the Controller, including a proposed budget. The trust fund is now operational, as is a resource mobilization action plan.

IV. Outcome of the governance review process

37. The General Assembly, in paragraph 17 of its resolution 67/216, invited the Executive Director to present to the Assembly, at its sixty-seventh session, as appropriate, the outcomes of the governance review process, for consideration by the Assembly at its sixty-eighth session and encouraged the Executive Director and the Committee of Permanent Representatives to continue their efforts to improve the efficiency, effectiveness, transparency and accountability of UN-Habitat.

38. That invitation came in follow-up to the Governing Council's request, in its resolution 23/13, to the Executive Director, jointly with the Committee of Permanent Representatives, to further examine the range of options presented in the preliminary review of the governance structure of UN-Habitat carried out before the Council's twenty-third session, held in April 2011. The Executive Director was specifically requested to further examine the options for reform and develop a preferred option; to develop a procedure for the examination phase; to seek consensus among member States on the identified option; and to develop an action plan and submit it to the General Assembly at its sixty-seventh session, if possible.

39. In response to the resolution, the Committee established an open-ended consultative group on governance review to oversee the process. Its terms of reference were adopted at the forty-third regular session of the Committee, on 15 December 2011.

40. The Consultative Group proceeded to establish four task force teams to analyse each of the four governance challenges identified by the Group on the basis of a report entitled "Review of the governance structure of the United Nations Human Settlements Programme, phase III" (HSP/GC/23/INF/7) and to provide proposals for action and recommendations on options to tackle those challenges.

41. During the first quarter of 2012, all four task force teams completed their work and submitted their findings and proposals to the Committee at its forty-fourth regular session, held on 3 April 2012. Further comparison with other governance models was then conducted, as stipulated in the terms of reference.

42. The Consultative Group decided that UN-Habitat should recruit a consultant to compile the comparative analysis report and a report on governance options. The assignment was carried out in consultation with members of the Group. The consultant later submitted the work to the Group.

43. The comparative analysis report included options to strengthen the role of UN-Habitat governing bodies in decision-making processes, on the basis of other governance models within the United Nations system. Issues of representation and efficiency were also considered.

44. Based on the comparative analysis report, the Consultative Group moved on to the next step of the process in October 2012, which was to elaborate a report on

governance reform options based on the findings of the four task force teams regarding governance challenges and the comparative analysis.

45. The report on governance reform options was submitted to the Committee on 19 December 2012 for comments and amendments. A new version was prepared thereafter in the light of the comments made and submitted to the Consultative Group at a meeting held on 11 February 2013.

46. Given that the aim of the governance review is to overcome limitations and inefficiencies in the current governance structure so as to ensure that institutional arrangements contribute to improved delivery of the UN-Habitat mandate, the report set out the following four governance reform options:

(a) *Managerial/incremental reform option*. The key attributes of this option include increasing the frequency of Governing Council sessions, expanding the membership of the Council, enhancing the role of other stakeholders and increasing oversight;

(b) *Universal membership option*. This option involves establishing universal membership of the Council, granting global representation and making the Council the superior institutional decision-making body. The Committee would remain an intersessional body with a strengthened mandate;

(c) *Executive board option*. This option entails establishing an executive board to replace the Council. The board, which would remain a subsidiary body of the General Assembly, would provide enhanced oversight of normative and operational activities, would meet once a year and could establish a subsidiary body if deemed necessary;

(d) *Combined hybrid option*. This option has largely the same characteristics as the executive board option, but adds a broad and high-level council or commission as a highly representative policymaking body.

47. The report set out the advantages and disadvantages of the options, with each option being scored against the four performance criteria of transparency, efficiency, effectiveness and accountability, and voice and representation. There was no consensus within the Committee on how to move forward on the basis of the above options. It was therefore agreed to identify facilitators.

48. The Chair of the Consultative Group, at a meeting held on 11 February 2013, designated two facilitators, also members of the Committee, to work together in identifying potential areas of agreement that could serve as a basis for an agreed position to be submitted to the Governing Council at its twenty-fourth session.

49. Areas of agreement could not be identified during the facilitation process. At the twenty-fourth session of the Governing Council, discussions on the governance review were carried out in the context of the consideration of a draft resolution on the strengthening of UN-Habitat. Again, member States could not agree on a reform option and on how to proceed.

50. Subsequently, the secretariat of UN-Habitat requested the President of the Governing Council to explore, in consultation with the Committee, how to narrow the differences among member States and how to proceed with the governance review process.

V. Update on financial developments

51. Income projections for the biennium 2012-2013 have remained at $60.4 million and $283 million for non-earmarked and earmarked income, respectively. As at 30 June 2013, $45.4 million (or 75 per cent of the projection) had been received in non-earmarked income, while $237.7 million (or 84 per cent of the projection) had been received in earmarked income.

52. A number of developments have occurred since the issuance of the previous report, most of them aimed at improving the financial position of UN-Habitat. During the first quarter of 2013, UN-Habitat developed a resource mobilization strategy and action plan aimed at increasing sustainable non-earmarked funding for core activities from traditional donor countries, middle-income countries and non-traditional donors. The strategy was also aimed at increasing the level of earmarked contributions through the development of large-scale programmes targeted at specific regional priorities. In addition, the action plan included establishment of a resource mobilization unit. The resource mobilization strategy was submitted to the Committee of Permanent Representatives, from which positive feedback was received.

53. UN-Habitat has also taken steps to enhance and expand its project portfolio through the establishment of two revolving funds, the Internal Development Fund and the Emergency Fund. The funds are to facilitate project acquisition by financing pre-investment activities.

54. A new policy framework, supported by new procedures and systems, has been established to enhance productivity, efficiency, transparency and accountability. It is expected that the measures will help to attract more earmarked contributions and enhance the overall implementation rate of UN-Habitat programmes, thereby generating higher levels of overhead income.

55. During the reporting period, UN-Habitat continued to control core expenditure through a wide range of measures, including reducing travel costs, limiting new recruitment to critical positions, aligning expenditure more closely with forecast income and establishing a matrix organizational structure to enable more flexible allocation of staff. It also established a cost allocation and recovery policy, in line with the principles outlined by the General Assembly in its resolution 67/226, to enable more accurate attribution of costs to projects and thereby ensure that core income is dedicated to its core normative work.

56. The above measures and the wider organizational reforms recently undertaken by UN-Habitat have begun to yield positive results and are expected to lead to a reduction in the core deficit during the biennium 2014-2015.

VI. Sustainable urbanization and the post-2015 United Nations development agenda

57. In paragraph 2 of its resolution 67/216, the General Assembly encouraged giving appropriate consideration to sustainable urbanization in the elaboration of the post-2015 United Nations development agenda.

58. In follow-up, and during the reporting period, UN-Habitat continued to participate in key processes to shape the post-2015 United Nations development agenda, including the work of the Open Working Group on Sustainable Development Goals. The objective of UN-Habitat engagement in the processes was to explain the role of sustainable urbanization and cities in sustainable national development and also to highlight the need for continued and concerted focus on tackling the challenge of slums.

59. When the United Nations Millennium Declaration was adopted in 2000, most of humanity lived in rural areas. Thirteen years later, more than 50 per cent of the world's population is urbanized. As recently as 1950, the number of people living in urban centres was slightly higher in developed countries (58.5 per cent) than in developing countries. Today, of every 10 urban residents in the world, more than 7 are found in developing countries. By 2035, all developing regions, most notably Asia and Africa, will be more urban than rural. Moreover, of the new urban-dwellers that will be added to the world's urban population between now and 2050, more than 90 per cent will be bor.. in a developing country.

60. It is clear that urbanization is a significant demographic phenomenon in developing countries, especially in sub-Saharan Africa and Asia, and that the problems posed by cities are a serious development challenge. For example, cities contribute up to 70 per cent of the world's greenhouse-gas emissions. In paragraph 134 of the outcome document of the United Nations Conference on Sustainable Development, however, Governments also recognized that cities were a major development opportunity, noting that, if well planned and developed, including through integrated planning and management approaches, they could promote economically, socially and environmentally sustainable societies. Cities currently contribute a global average of 70 per cent of national gross domestic product, meaning that urban-based solutions have a critical role to play in taking on the climate change challenge.

61. It is therefore important that the post-2015 development agenda, including the output of the Open Working Group on Sustainable Development Goals, recognize the need to promote cities that are environmentally sustainable, socially inclusive, economically productive and resilient. In this context, specific attention would need to be paid to deliverables such as improved access to adequate housing, water, sanitation, domestic energy and public transport. Attention would also need to be paid to broader processes such as enhancing inclusive national urban policies and reducing the rate of increase of urban land cover and urban sprawl, in addition to policies or plans to strengthen urban resilience.

62. The Millennium Development Goal of improving the lives of at least 100 million slum dwellers by 2020 has already been met twice over and 10 years in advance. More than 200 million slum dwellers have benefitted from improved water sources, sanitation facilities, durable housing or sufficient living space in the period 2000-2010. It should be recognized, however, that, while the target has been met, 868 million people in developing countries (or 33 per cent of the total urban population in those countries) continue to live in slums. There is, therefore, a need for Governments and the international community to step up their slum prevention and slum upgrading efforts. There is also a need to ensure that a fresh target on slums is set in the post-2015 agenda.

63. In the light of the above trends and challenges, UN-Habitat continued to participate in the work of the United Nations System Task Team on the Post-2015 United Nations Development Agenda and its Working Group on Indicators. UN-Habitat also co-led a thematic consultation on population dynamics, part of 11 thematic consultations organized by the Millennium Development Goals Task Force. In addition, it contributed to five other thematic consultations relevant to its mandate: those on environmental sustainability, governance, energy, water and inequalities.

64. UN-Habitat also provided input on sustainable urbanization to the High-level Panel of Eminent Persons on the Post-2015 Development Agenda. It participated in the technical support team of the Open Working Group on Sustainable Development Goals and in the activities of the Sustainable Cities Group of the United Nations Sustainable Development Solutions Network. The latter has recognized the need for the post-2015 development agenda to empower inclusive, productive and resilient cities.

65. In addition, UN-Habitat worked, and will continue to work, with Governments at the country level to explain the importance of sustainable urbanization in national development in the context of discussions on the post-2015 development agenda and with regard to national preparations for Habitat III.

VII. Significant programme activities

66. UN-Habitat carried out a number of significant programme activities during the reporting period, including holding the sixth session of the World Urban Forum, undertaking preparations for the seventh session of the Forum, publishing the *State of the World's Cities 2012/2013: Prosperity of Cities* report, organizing World Habitat Day 2012 and participating in regional ministerial conferences on housing and urban development.

A. Sixth session of the World Urban Forum and preparations for the seventh session of the Forum

67. UN-Habitat organized, in conjunction with various Italian authorities, the sixth session of the World Urban Forum, which was held in Naples in September 2012. The theme was "The urban future". More than 440 events were held, consisting of dialogues, round tables, special sessions, networking, training and parallel and side events.

68. A total of 8,209 people attended, representing a record-high number of 152 countries. Most were from outside the host country. Some 112 official national government delegations attended, with 433 participants from various ministerial departments. Most (72 per cent) of the participants from national ministries were representatives of ministries dealing directly with urban issues, i.e. ministries of housing, urban development, cities, works, roads, transport and infrastructure and local authorities. More than 80 per cent of the least developed countries were represented.

69. A major feature of the Forum was an international exhibition with 80 booths open to local people and registered participants. The lively exhibition was visited by

26,956 people, facilitating networking. UN-Habitat signed memorandums of understanding on the advancement of the urban agenda with various partners.

70. A United Nations high-level inter-agency meeting attended by representatives of 17 United Nations funds, programmes and agencies was organized. The participants recommended the establishment of a United Nations system-wide mechanism for coordinating sustainable urbanization. Parallel events on urban development and health and on urban risk reduction and the resilience of cities were organized in collaboration with the World Health Organization and the United Nations Office for Disaster Risk Reduction, respectively.

71. With regard to preparations for the seventh session of the Forum, significant progress has been made. The seventh session will be held from 5 to 11 April 2014, in Medellín, Colombia. The host country agreement has been signed and it has been agreed that UN-Habitat and the municipality of Medellín will cover the participation of a limited number of participants from least developed countries.

72. The venue will be the Plaza Mayor Convention and Exhibition Centre, which is located in the business district of the city. The theme will be "Urban equity in development: cities for life". The official website (www.unhabitat.org/wuf) has been established and updated information will be posted as it becomes available.

73. As in the past, the session will divided into dialogues, networking and side events, youth, gender and business assemblies, special sessions, round tables and training and other parallel events. There will also be an exhibition open to accredited participants and the general public. Online registration for the session opened on 17 July and will close on 16 March 2014.

B. *State of the World's Cities 2012/2013*

74. During the reporting period, a report, *State of the World's Cities 2012/2013: Prosperity of Cities*, was published. A preliminary draft was launched during the sixth session of the World Urban Forum, while the final version was published early in 2013.

75. The report presents, with solid evidence, some of the factors underlying recent and current crises that have significantly affected cities, including financial, economic, environmental, social and political crises. It shows that a lopsided focus on economic prosperity has led to increasing inequalities between the rich and the poor, generated serious distortions in the form and functioning of cities, caused serious damage to the environment and unleashed precarious financial systems that cannot be sustained in the long run.

76. The report proposes a fresh approach to prosperity, one that is holistic and integrated and that is essential for the promotion of collective well-being and fulfilment for all. To measure the current and future progress of cities towards the prosperity path, the report introduces a new tool, a city prosperity index, together with a conceptual matrix, a wheel of prosperity.

77. The findings of the report resonate with a key concern raised by the High-level Panel of Eminent Persons on the Post-2015 Development Agenda and by other bodies working towards that agenda, i.e. the high level of inequality in the world,

both among and within countries, and the need for inclusive growth and related policies and strategies.

78. UN-Habitat continued its series of regional reports on the state of cities as a means of identifying key trends, including challenges and opportunities, and raising awareness of urbanization issues at the regional level. During the reporting period, UN-Habitat prepared two regional reports: *The State of Arab Cities 2012: Challenges of Urban Transition* and *State of the Latin American and Caribbean Cities 2012: Towards a New Urbanization*. Both publications set out a number of urban issues that, if addressed, will ensure a more stable, equitable and sustainable future for both regions.

C. World Habitat Day 2012

79. World Habitat Day 2012 was celebrated on 1 October. The theme of the celebrations was "Changing cities, building opportunities". The objective was to highlight the role of cities as engines of growth. The main message was that, when well planned, cities can continue to provide opportunities to both current and future residents. This idea dovetails with the new UN-Habitat campaign, "I am a city changer", which seeks to involve all persons in making their cities a better place to live.

80. World Habitat Day was celebrated in many countries, including Costa Rica, Cuba, Mexico, Nepal, Sri Lanka and Thailand. The global observance of the Day was held in Embu, Kenya, hosted and organized by the Government through the Ministry of Housing.

D. Regional ministerial conferences

81. During the reporting period, UN-Habitat continued to make contributions to regional ministerial meetings on housing and urban development. The fourth Asia-Pacific Ministerial Conference on Housing and Urban Development was held in Amman from 10 to 12 December 2012, with the assistance of UN-Habitat. The theme was "Youth and information technology in sustainable urban development". The Amman Declaration and the Amman Implementation Plan were adopted. During the conference, UN-Habitat launched a publication, *State of the Urban Youth 2012/2013: Youth in the Prosperity of Cities*.

82. The twenty-first General Assembly of the Regional Meeting of Ministers and High-level Authorities of the Housing and Urban Development Sector in Latin America and the Caribbean was held from 20 to 22 August 2012 in Mexico City. During the meeting, a report, *State of Latin American and Caribbean Cities 2012: Towards a New Urbanization*, was presented. The participants also discussed the participation of ministers and other high-level authorities in the sixth session of the World Urban Forum.

VIII. Conclusions and recommendations

83. In view of the policy and organizational implications of the resolutions adopted by the Governing Council of UN-Habitat at its twenty-fourth session, Member States are called upon:

(a) To consider designating 31 October of every year, beginning in 2014, as World Cities Day;

(b) To initiate processes to review, strengthen and develop national urban policies, where appropriate, as a key strategy for national socioeconomic development and as a coordination mechanism among sectors and ministries;

(c) To use planned city extension methodologies to guide the sustainable development of cities experiencing rapid urban growth, prevent slum proliferation, enhance access to basic urban services, support inclusive housing, enhance job opportunities and create a safe and healthy living environment;

(d) To implement the universal principles for slum upgrading and prevention, such as prohibiting unlawful evictions, empowering women and young people, making slum upgrading interventions affordable and accessible, ensuring public participation regardless of race, sex, religious affiliation and socioeconomic status, and promoting accountability and transparency in all programmes;

(e) To increase the allocation of financial and human resources for slum upgrading and prevention and establish financing strategies that mobilize public subsidies and income generated by land regularization and reallocation processes so as to develop investment plans for infrastructure and services;

(f) To promote housing policies integrating sustainable approaches to energy efficiency in housing and human settlements, while respecting the environment and using innovative techniques and materials;

(g) To apply good urban planning and management policies that enhance economic productivity and equity and support the implementation of economic empowerment programmes, with special reference to young people and women;

(h) To work with partners to promote pro-poor land-based financing as a means of supporting urban development, densification and extension through, among others, land and property value capture (or value sharing) and land and property taxation;

(i) To provide support, through the President of the Governing Council of UN-Habitat and the Committee of Permanent Representatives, to the search for ways of narrowing the differences among States members of the Council on the UN-Habitat governance reform options in order to expedite the conclusion of the review process.

84. With regard to Habitat III, and in view of the progress to date in preparations therefor, Member States are called upon:

(a) To ensure the effective and efficient participation of all stakeholders in the preparatory process, including the preparation of national reports;

(b) To expedite the preparation, before the first meeting of the Preparatory Committee, to be held in New York during the sixty-ninth session of the General Assembly, of national reports;

(c) To include in their planned regional meetings, such as the regular sessions of regional ministerial conferences on housing and urban development as well as of other relevant regional intergovernmental meetings, dialogue on Habitat III, so as to facilitate the provision of regional inputs to the first and second meetings of the Preparatory Committee;

(d) To support the national, regional and global preparations for the conference through voluntary contributions to the trust fund.